

# REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

1010 RICHARDS STREET  
P. O. BOX 3469  
HONOLULU, HAWAII 96801

## PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on  
KONA COFFEE VILLAS  
Mamalahoa Highway  
North Kona, Island and County of Hawaii, Hawaii

REGISTRATION NO. 1124

### IMPORTANT — Read This Report Before Buying

#### **This Report Is Not an Approval or Disapproval of This Condominium Project**

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project but may only take reservations therefore after

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: June 28, 1979  
Expires: July 28, 1980

#### SPECIAL ATTENTION

A comprehensive reading of this report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED APRIL 26, 1979 AND INFORMATION SUBSEQUENTLY FILED AS OF JUNE 22, 1979. DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF CHAPTER 514A, HAWAII REVISED STATUTES.

1. KONA COFFEE VILLAS is a proposed fee simple condominium project consisting of two (2) separate residential buildings (not including the recreation building) containing a total of sixty (60) apartments, and not less than sixty (60) parking spaces. The project will also contain one recreation pavilion, two (2) tennis courts, a play area, walkways and driveways. The Developer has reserved

the right to construct an additional six (6) separate residential buildings containing a total of one hundred sixteen (116) apartments to be made part of the project.

2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the issuance of this Preliminary Public Report. The Developer shall be responsible for placing this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers. Securing a signed copy of the receipt for this Public Report from each purchaser and prospective purchaser is also the responsibility of the Developer.
3. No advertising or promotional matter have been submitted pursuant to the rules and regulations promulgated by the Commission.
4. The basic documents (Declaration of Horizontal Property Regime, Bylaws of Association of Apartment Owners and a copy of the approved floor plans) have not yet been recorded in the office of the recording officer.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes and the condominium rules and regulations which relate to horizontal property regimes.
6. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, June 28, 1979, unless a Supplementary or Final Public Report is issued or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: KONA COFFEE VILLAS.

LOCATION: The land submitted to the Regime, approximately 8.31 acres, is located in North Kona, Island and County of Hawaii.

TAX MAP KEY: TMK 7-9-03:10 (3rd Div.)

ZONING: Multiple Family Residential  
(RM-1.25)

DEVELOPER: T & K ENTERPRISES, INC., a Hawaii corporation, whose post office address is 77-6399 Nalani Street, Kailua-Kona, Hawaii 96740, telephone number (808) 329-5464. The officers of the corporation are:

Shigeyuki Tachibana	President
Koichi Tadokoro	Vice President/Secretary
Sadaharu Tashima	Treasurer

ATTORNEY REPRESENTING DEVELOPER: FONG, MIHO & ROBINSON,  
Suite 1500, Pacific Trade Center, Honolulu, Hawaii  
96813 (Attention: Jon T. Miho), telephone number (808)  
537-6977.

DESCRIPTION: The proposed Declaration of Horizontal Property Regime submitted to the Commission provides that the land will be improved according to the Developer's plans and intention to sell, by constructing thereon two (2) separate residential buildings, which contain thirty (30) apartments each and sixty (60) parking spaces.

The project will contain one (1) recreation pavilion, two (2) tennis courts, a play area, walkways, driveways and outdoor parking areas. Each unit will include standard appliances.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, the walls surrounding garden courts, the floors and ceilings surrounding each apartment, any pipes, wires, conduits or other utility lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Subject to the foregoing, each apartment shall include all of the walls and partitions which are not load-bearing within its perimeter walls, any glass windows or panels within its perimeter, the inner decorated or finished surfaces of all walls, floors and ceilings, and all adjacent lanais.

Each apartment on the ground floor of the building has immediate access to its entries and to the walkways connecting said building to the parking and recreational areas of the Project. Each apartment above the ground floor has immediate access to its entries and to a stairway leading to the ground floor.

1. Building Descriptions. There will be two (2) buildings, each containing thirty (30) apartment units, to be designated the "Ahi" and "Aku" buildings. Each building has three (3) stories, including a ground floor, but no basement.

The Developer shall construct a recreation pavilion as a separate building which will be a common element of the project. The size, location and dimensions of the recreation building will be in accord with the condominium file plan. The furnishings, if any, of the recreation pavilion shall be at the sole discretion of the Developer.

2. Materials. Each building will be constructed principally of hollow tile walls, with concrete floors and landings, wood framing, and a Monier tile roof.

3. Description, Area and Numbering of Apartments.  
 There will be six (6) apartment unit types ("Types"),  
 located as follows:

Ahi Building

<u>Apartment No.</u>	<u>Apartment Type</u>
101	A
102	B
103	B-R
104	B
105	B-R
106	B
107	B-R
108	B
109	B-R
110	A-R
201	C
202	D
203	D-R
204	D
205	D-R
206	D
207	D-R
208	D
209	D-R
210	C-R
301	E
302	F
303	F-R
304	F
305	F-R
306	F
307	F-R
308	F
309	F-R
310	E-R

Aku Building

<u>Apartment No.</u>	<u>Apartment Type</u>
111	A
112	B
113	B-R
114	B
115	B-R
116	B
117	B-R
118	B
119	B-R
120	A-R
211	C
212	D
213	D-R
214	D

215	D-R
216	D
217	D-R
218	D
219	D-R
220	C-R
311	E
312	F
313	F-R
314	F
315	F-R
316	F
317	F-R
318	F
319	F-R
320	E-R

Note: Apartment spaces designated with "R" after the apartment type on the above schedule are reverse types of such model.

#### Types of Apartments.

Subject to minor variations in floor plans, all apartments will have six (6) rooms and will consist of the following types:

Type A - Apartment is on the ground floor, at an end of the building. It has a living area of approximately 861 square feet, a lanai area of approximately 132 square feet, for a gross floor area of approximately 993 square feet, and an enclosed garden court of approximately 220 square feet which is designated as a limited common element as hereinafter provided. Each apartment contains two bedrooms and two full baths.

Type B - Apartment is on the ground floor. It has a living area of approximately 840 square feet and a lanai area of approximately 132 square feet, for a gross floor area of approximately 972 square feet. Each apartment contains two bedrooms and two full baths.

Type C - Apartment is on the second floor, at an end of the building. It has a living area of approximately 861 square feet, and a lanai of approximately 132 square feet, for a gross floor area of approximately 993 square feet. Each apartment contains two bedrooms and two full baths.

Type D - Apartment is on the second floor. It has a living area of approximately 840 square feet and a lanai area of approximately 132 square feet, for a gross

floor area of approximately 972 square feet. Each apartment contains two bedrooms and two full baths.

Type E - Apartment is on the third floor, at an end of the building. In all other respects, apartment is the same as Type C.

Type F - Apartment is on the third floor. In all other respects, apartment is the same as Type D.

All areas set forth hereinabove are computed by measuring from the centerline of exterior end walls and from the centerline of interior party walls, and no reduction has been made to account for interior walls, ducts, vent shafts and the like located within the perimeter walls.

COMMON ELEMENTS: The common elements will include the limited common elements described in the next topical heading, LIMITED COMMON ELEMENTS, and all other portions of the land and improvements other than the apartments, including the buildings, the land on which they are located, and all elements mentioned in the Horizontal Property Act which are actually constructed on the land described herein. Said common elements shall include but shall not be limited to:

(a) All land described in Exhibit "A" attached to the proposed Declaration.

(b) All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surface within each unit), roofs, stairways, walkways, entrances and exits of said buildings.

(c) All yards, grounds, walkways, landscaping, refuse facilities, and recreational facilities and appurtenances.

(d) All driveways, parking areas and any guest parking stalls, and ground floor storage areas.

(e) The sewage treatment plant and all tanks, motors, pipes, lift stations, pumps and other equipment and facilities used in connection with the sewage disposal system for the Project.

(f) All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities, installations which serve more than one apartment for services such as power, light, water, gas, air conditioning, refuse, telephone and radio and television signal distribution.

(g) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance or safety, and normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, called "limited common elements", are set aside and reserved for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(a) The fenced garden courts adjoining each ground floor apartment is a limited common element appurtenant to said adjoining apartment.

(b) Stairways and sidewalks or walkways utilized for ingress and egress to one or more apartments but not all apartments are restricted solely for the use of the apartments served thereby.

(c) At least one parking stall shall be assigned to and be appurtenant to the respective apartments with which the same are conveyed upon the initial conveyance by deed as shown on Exhibit attached hereto.

(d) All other common elements of the Project which are rationally related to less than all of said apartments shall be limited to the use of such apartment.

INTEREST TO BE CONVEYED TO PURCHASER: Each apartment shall have appurtenant thereto an undivided percentage interest ("common interest") in all common elements of the project and the same proportionate share in all common profits and expenses of the Project and for all other purposes including voting as set forth below.

<u>Apartment Type</u>	<u>Undivided Percentage Interest</u>	<u>Number of Apartments</u>	<u>Total Undivided Percentage Interest</u>
A	1.69544	2	3.39088
A-R	1.69544	2	3.39088
B	1.65949	8	13.27592
B-R	1.65949	8	13.27592
C	1.69534	2	3.39068
C-R	1.69534	2	3.39068
D	1.65949	8	13.27592
D-R	1.65949	8	13.27592
E	1.69534	2	3.39068
E-R	1.69534	2	3.39068
F	1.65949	8	13.27592
F-R	1.65949	8	13.27592
		<u>60</u>	<u>100.00000</u>

All limited common elements costs and expenses including, but not limited to, maintenance, repair, replacement, additions and improvements shall be charged to the owner of the apartment to which the limited common elements are appurtenant.

NOTE: Until the completion and merger of the additional increments of the project, each apartment owner in each increment of the project shall be severally liable for common expenses attributable to such increment in the proportion that the common interest appurtenant to such apartment bears to the total of common interests appurtenant to all apartments in such increment. Such common expenses attributable to any undeveloped increment of the project or any increment in the process of being developed, to the extent that any apartments in such increment have not been conveyed to a purchaser thereof, shall be borne by the Developer until the completion and merger of such increment and until the purchasers of apartments within such increment assume responsibility with respect thereto.

PURPOSE AS TO USE: The proposed Declaration provides that the apartments shall be occupied and used only as permanent or temporary residences, lodgings or rental, and for no other purpose. The apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than 7 days, or (b) any rental in which the occupants of the apartment are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen or bellboy service.

DEVELOPER'S OPTION TO CONSTRUCT ADDITIONAL INCREMENTS.

(a) Notwithstanding the conveyance of any apartment or anything to the contrary in the Declaration, Developer shall, from time to time, have the right at its option, up to but not later than December 31, 1985, to require alteration of the Project by creating not more than one hundred sixteen (116) residential apartments, with appurtenant recreational facilities and other common elements in one or more increments (hereinafter called the "Additional Increment(s)") within the area delineated on said Condominium File as the "Future Development Area", and to thereafter merge said Additional Increment(s) with the then existing apartments and common elements of the Project (hereinafter called the "Preceding Increment(s)").

(b) In furtherance of the rights reserved to Developer hereunder, Developer, its employees, agents, contractors and subcontractors, shall have the right at any time, and from time to time, to enter upon the Project and the common elements thereof and do all things reasonably necessary, desirable or useful for constructing and completing the Additional Increment(s), connecting the same to the utility installations of the Project, and selling the apartments contained within



said Additional Increment(s) upon and subject to the following terms and conditions:

(1) The Additional Increment(s) shall be constructed in accordance with plans and specifications prepared by a licensed architect and first approved in writing by Developer; provided, however, that such plans and specifications shall not require the alteration or demolition of any apartments in the Preceding Increment(s) or any buildings or structures constituting part of the common elements thereof;

(2) Developer shall have the right to add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable to service said Additional Increment(s), including but not limited to easements and rights-of-way for utilities, cesspools, sanitary and storm sewers, sewage treatment plants, cable television, refuse disposal, driveways, parking areas and roadways; provided, that such easements and rights-of-way shall not materially impair the use of any apartment in the Preceding Increment(s) or its appurtenant interest in the common elements;

(3) Before the commencement of construction of any Additional Increment, Developer shall (i) secure a performance and payment bond, issued by a surety licensed to do business in the State of Hawaii and having a net worth of not less than \$10,000,000, naming as obligees the Developer and collectively the owners of all apartments in the Preceding Increment(s) as their interests may appear through the Association of Apartment Owners, in a penal sum of not less than one hundred percent (100%) of the cost of the construction of said Additional Increment guaranteeing completion thereof free and clear of all mechanic's and materialmen's liens; and (ii) furnish to the Association of Apartment Owners satisfactory evidence that Developer has obtained a construction loan commitment and/or other immediately available funds in an aggregate amount sufficient to pay in full the costs of constructing and completing said Additional Increment, including without limitation, the cost of construction, land acquisition or ground rental, financing commitment fees, appraisal, architectural, engineering, legal and accounting fees, and all other costs and expenses associated with such construction;

(4) The construction of the Additional Increment(s) shall be performed in such manner, as shall cause the least practicable annoyance to and interference with the apartment owners of the Preceding Increment(s). Each purchaser of an apartment in the Preceding Increment(s), by his acceptance and occupancy of his apartment on

closing, agrees (i) to remain outside of any fenced or posted construction areas or any other areas upon which work is being performed pending completion, and to exert diligent efforts to prohibit entry into such areas by members of his household and by his invitees; and (ii) to indemnify and save harmless Developer and its contractors and agents from and against any and all loss or liability for death or injury to persons or damage or loss of property on account of such entry either by the apartment purchaser or his family and invitees;

(5) Developer shall have the right, at its own expense, and without being required to obtain the consent or joinder of any apartment owner or lien-holder, to execute and record such amendments to his Declaration and the Condominium File Plan as shall be necessary or appropriate in furtherance of the rights reserved to Developer under paragraph 13 of the Declaration to construct and complete the Additional Increment(s), and without limiting the generality of the foregoing, Developer may amend this Declaration: (i) to create and establish the Additional Increment(s); (ii) to describe and allocate the common interest and common elements appurtenant to the Additional Increment(s); (iii) to decrease the common interest appurtenant to each apartment in the Preceding Increment(s); and (iv) to merge the Additional Increment(s) with and into the Preceding Increment(s) as herein provided;

(6) The common interest appurtenant to each apartment in the Preceding Increment(s) shall be decreased and the common interest appurtenant to each new apartment in the Additional Increment(s) shall be allocated on the following basis: The total gross floor area (including lanais) of all of the apartments in the Preceding and the Additional Increment(s) shall first be determined. The total gross floor area of each such apartment shall then be divided by such total gross floor area and the resulting quotient shall be the common interest appurtenant to each such apartment;

(7) Until the first merger of an Additional Increment as hereinafter provided, Developer shall be responsible for the payment of Forty Percent (40%) of all real property taxes allocable to the land of the Project (but excluding any such taxes assessed against the existing improvements therein described). Upon the merger of each Additional Increment, Developer's proportionate share of the real property taxes allocable to the land of the Project shall be appropriately reduced to the ratio (as specified in an Amendment of the Declaration) which the area of the undeveloped land remaining subject to Developer's right of future development bears to the total land area of the Project.

Developer will use its best efforts to arrange to have its proportionate share of said real property taxes excluded from the taxes assessed directly to the apartment owners; provided, that if said proportionate share is nonetheless assessed to the apartment owners, Developer shall promptly reimburse each apartment owner therefor. In no event shall the owners of apartments in the Preceding Increment(s) have any liability for any common expenses attributable to common interests to be constructed as part of any Additional Increment prior to the merger of such Additional Increment;

(8) The merger of any Additional Increment with the Preceding Increment(s) shall take effect only after the completion of such Additional Increment and the issuance of a Certificate of Occupancy therefor and upon the recordation by Developer of an Amendment to the Declaration which shall certify that said increment has been completed as aforesaid and that the merger has been consummated. Without limiting the generality of the foregoing, the following consequences shall ensue from and after the effective date of such merger:

(i) Each of the increments so merged shall be treated for purposes of administration, use and sharing of common expenses as though they had been developed, divided into apartments and used by the owners thereof as a single undivided Project. The apartments in each of the merged increments shall have an equal and non-exclusive right to use the common elements constructed as a part of each of said increments, subject to the terms, conditions and limitations provided in the Declaration and in the By-Laws attached thereto, and the apartments in each of the merged increments shall have appurtenant thereto an undivided percentage interest in the common elements of the Project and the same proportionate share in all common profits and expenses of the Project, and for all other purposes including voting, as computed pursuant to subparagraph (b) (6) hereinabove;

(ii) The Developer may require the owner of the additional apartments added to the Project by merger to make contribution, in addition to their share of the common expenses, to the maintenance reserves of the Project. The Developer may provide that such contributions may be made over a period of time, and in establishing the amounts and terms of such contribution, Developer shall take into account the amount of maintenance reserves accumulated prior to the addition of such apartments and the condition of the apartments in the Preceding Increment(s).

The owners of additional apartments added to the Project by merger shall not be obligated to pay or assume any debts, expenses, costs or other obligations incurred by or on behalf of the Association of Apartment Owners as of the effective date of the merger, with the exception of any such debts, expenses, costs or obligations which were incurred for the common benefit of the apartments in the Preceding Increment(s) and the additional apartments added to the project by merger; and

(iii) Within sixty (60) days following the completion and merger of each Additional Increment, a special meeting of the Association of Apartment Owners shall be called to elect a new Board of Directors to replace the existing board of directors and govern the entire Project. The Procedures for calling and holding such a meeting and all of the meetings of the Association shall be set forth in the By-Laws attached to the Declaration as Exhibit "B".

DEVELOPER'S OPTION TO WITHDRAW AREAS. Notwithstanding the conveyance of any apartment or anything to the contrary in the Declaration, if Developer shall be unable to construct and complete any Additional Increment(s) by reason of governmental laws or regulations or the decision of governmental agencies having jurisdiction thereof, war, insurrection, strike, economic conditions, or other reasons beyond its control, then, and in such event, Developer shall have the right, at its option, up to but not later than December 31, 1985, to require alteration of the Project by withdrawing therefrom any portion or all of the land within the common element area delineated on the Condominium File Plan, as "Future Development Area". Such withdrawal shall be effected on the following terms and conditions:

(a) If the withdrawal shall require subdivision of the land of the Project, Developer shall arrange for such subdivision at its sole cost and expense;

(b) Developer shall give each apartment owner and lienholder at least ninety (90) days prior written notice of its intention to withdraw such land;

(c) Developer shall, at its own expense and without being required to obtain the consent or joinder of any apartment owner or lienholder, execute and file an amendment to the Declaration and the Condominium File Plan: (i) to withdraw all or any portion of the common elements area or areas designated as being subject to withdrawal, and (ii) when applicable, to add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable to service the land withdrawn, including but not limited to, easements and/or rights-of-way for utilities, cesspools, sanitary

and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways provided that such easements and/or rights-of-way do not materially impair the use of any apartment or its appurtenant common interest in the common elements;

(d) The withdrawal shall become effective upon the filing with the Bureau of Conveyances of the State of Hawaii of an amendment to the Declaration noting such withdrawal and setting forth a description of the land withdrawn from the Project as a common element.

(e) No withdrawal shall be permitted which requires the alteration or destruction of any existing apartment or the limited common elements appurtenant thereto.

OWNERSHIP OF TITLE: A Preliminary Title Report dated April 17, 1979 issued by Title Guaranty of Hawaii, Inc. reflects that title to the land is vested in the Developer, T & K Enterprises, Inc.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Title Report prepared by Title Guaranty of Hawaii, Inc. dated April 17, 1979, reflects the following encumbrances:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. For any taxes that are due and owing, reference is made to the Office of the Tax Assessor, Third Division.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement, dated April 23, 1979, between Title Guaranty Escrow Services, Inc., a Hawaii corporation, and the Developer, has been submitted to the Commission as part of the registration. On examination, the specimen Deposit Receipt and Sales Contract, and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly Section 514A-39, Section 514A-40, and Sections 514A-63 through 514A-67.

The provisions of the Escrow Agreement are to be carefully read and understood. It provides, in part:

If at the time of the execution of the Sales Contract a Final Report has not been issued by the Commission with respect to the project, then the following limitations shall apply:

(a) Purchaser's funds obtained prior to the issuance of a Final Report shall be refunded if there is any change in the condominium building plans subsequent to the execution of a county officer having jurisdiction over the issuance of building permits, (except such changes as are specifically authorized in the proposed Declaration or by the terms of the sales contract), unless purchaser's written approval or acceptance of the specific change is obtained.

(b) All rights under the Sales Contract shall not become enforceable against the purchaser until the purchaser has had a full opportunity to read the Real Estate Commission's Final Public Report on the project, and to obtain a refund of any moneys paid by the purchaser as well as release from all obligations under the Sales Contract if the Final Report differs in any material respect from the Preliminary Report.

(c) If the Final Report is not issued within one year from the date of the issuance of said Preliminary Report and any extensions of the Preliminary Report, the purchaser shall be entitled to a refund of all moneys paid by him under the Sales Contract without further obligation, provided the purchaser has not waived the right to a refund.

(d) All moneys paid by the purchaser prior to the issuance of said Final Report shall be deposited in trust with Escrow and Escrow is instructed that no disbursements shall be made from such trust fund on behalf of the Seller until:

(i) The Sales Contract has become effective, and the requirements of Sections 514A-39, 514A-63, 514A-64 and 514A-66, Hawaii Revised Statutes, have been met;

(ii) A Final Public Report for the project has been issued by the Real Estate Commission, and either forty-eight (48) hours have elapsed since purchaser receipted for such Final Public Report or Developer's attorney shall have delivered a written opinion to Escrow that the purchaser's sales contract has become effective;

(iii) Developer has notified Escrow in writing that all requirements of Sections 514A-39, 514A-63, 514A-64 and 514A-66, Hawaii Revised Statutes, have been met.

After issuance of the Final Public Report, the Developer may use the trust fund to finance construction of the project in accordance with the Escrow Agreement and Section 514A-67, Hawaii Revised Statutes.

The provisions of the specimen Deposit Receipt and Sales Contract are to be carefully read and understood. It provides, in part:

1. Seller has made no representations with respect to its renting or managing the apartment on Buyer's behalf, and if Buyer wishes to rent the apartment to third persons, Buyer will make his own arrangements to do so; and that Buyer acknowledges that he has been informed that none of Seller's agents are authorized to make any representations concerning the foregoing.

2. Buyer agrees to subordinate his interest to the lien of the interim mortgage obtained for the construction of the project or to a revolving construction loan facility secured by a mortgage(s) ("interim mortgage") and to any and all advances, whether contractual or voluntary made pursuant to said mortgage, and to any and all sums which may become a lien pursuant to the terms of said mortgage or the construction loan agreement or any other agreement relating to the interim mortgage. Buyer irrevocably appoints Seller the attorney-in-fact, coupled with an interest, of Buyer to execute and deliver on behalf of Buyer any instrument of subordination which the interim mortgagee or its successors or assigns may require.

3. Seller has reserved the right at any time prior to December 31, 1985 to alter the Project by constructing thereon additional improvements containing not more than one hundred sixteen (116) residential apartments which upon their completion will be merged with and into the existing apartments as a single condominium project. Buyer acknowledges that he has been advised and agrees to accept the risks and inconveniences arising from any future construction on the project, including noise, dust and similar conditions.

4. Notwithstanding any item or items that may be contained in any model apartment or apartments located in the project:

(a) Carpeting (except for the kitchen and bathrooms) is included in the apartment but no ceiling fixtures, no wallpaper and no furniture, furnishings, or appliances (other than the standard appliances) are included in the apartment;

(b) The walls will be painted "off-white"; and

(c) Minor finishing details in the apartment may be changed.

It is incumbent upon the purchaser and the prospective purchaser that they read with care the Deposit Receipt and Sales Contract and the executed Escrow Agreement in full. The Escrow Agreement establishes how the proceeds from the sale of apartments and all sums from any source are placed in trust, as well as the retention, disbursement and refund of said trust funds.

**MANAGEMENT OF THE PROJECT:** The proposed Bylaws of the Association of Apartment Owners vest in the Board of Directors the powers and duties necessary for the administration of the overall affairs of the project. The Deposit Receipt and Sales Contract permits the Developer to retain a corporate managing agent to manage the project. The contract with the managing agent shall not have an initial term exceeding one (1) year from the date of completion of construction of all apartments in the Project.

STATEMENT OF FINANCING: The cost of the project is unknown as yet. The Developer intends to utilize a \$6,000,000 construction loan facility from American Savings and Loan Association to construct the Project. American Savings must accept and approve the Project. Each purchaser will be expected to obtain and arrange for his own financing.

STATUS OF PROJECT: Construction of the Project buildings has not yet begun, although grading work on the Project site has commenced.

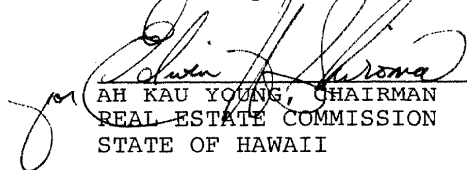
DISCLAIMER: Nothing in the proposed Declaration and Sales Contract, nor any advertising or other documentation in connection with the Project shall be construed as obligating Owner, Developer or any other person to develop any land other than the land described in the Declaration, or to construct any improvements, including any recreational facilities, other than the improvements described in the applicable phase by the Declaration; nor as granting to purchasers any membership or other interest in any entity, club, or facility (recreational or otherwise) other than the Project; and any representations to the contrary by Developer's agents are not authorized.

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The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required notice of intention filed on April 26, 1979 and information subsequently filed as of June 22, 1979.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1124 filed with the Commission on April 26, 1979.

This report, when reproduced, shall be a true copy of the Commission's public report. The paper stock used in making facsimiles shall be yellow in color.

  
AH KAU YOUNG, CHAIRMAN  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION  
BUREAU OF CONVEYANCES  
PLANNING DEPARTMENT, COUNTY OF HAWAII  
FEDERAL HOUSING ADMINISTRATION  
ESCROW AGENT

DATE: June 28, 1979

Registration No. 1124



KONA COFFEE VILLAS

Parking Plan

Increment 1

Total: 72 Stalls

Unit No.	Stall No.	Unit No.	Stall No.	Guest Parking
101	1	211	44	37
102	4	212	47	38
103	7	213	50	39
104	10	214	53	40
105	13	215	56	41
106	16	216	59	42
107	19	217	62	
108	22	218	65	
109	31	219	68	
110	34	220	71	
111	43	301	3	
112	46	302	6	
113	49	303	9	
114	52	304	12	
115	55	305	15	
116	58	306	18	
117	61	307	21	
118	64	308	24	
119	67	309	33	
120	70	310	36	
201	2	311	45	
202	5	312	48	
203	8	313	51	
204	11	314	54	
205	14	315	57	
206	17	316	60	
207	20	317	63	
208	23	318	66	
209	32	319	69	
210	25, 26, 27, 28, 29, 30, 35	320	72	

Revised 6/21/79

"EXHIBIT"